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DEPT FOR NEA/ARP AMACDONALD AND EEB/IFD/OMA BSAUNDERS

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TAGS: [EAID](#) [ECON](#) [PREL](#) [PGOV](#) [EFIN](#) [YM](#)
SUBJECT: YEMEN BUDGET TRANSPARENCY FOR SECTION 7086(C)
COMPLIANCE

REF: A. STATE 1923
[1](#)B. 09 SANAA 1528

[1](#)1. (U) The ROYG is currently receiving U.S. bilateral assistance using FY 10 funds, including development, counterterrorism, and military assistance. The non-military portion of the annual expenditures of the central government is publicly available on the Ministry of Finance's website (www.mof.gov.ye/files/budget/2010/fainalbook.pdf) and in print through the Ministry of Finance and the Central Bank of Yemen (CBY). Government revenues are detailed in the CBY's annual report and are divided into oil and gas revenues and non-oil revenues.

[1](#)2. (SBU) The Parliament passed the 2010 national budget on December 23, 2009, a copy of which the Finance Committee Chairman provided to EconOff. The 87-page publication includes both revenues and expenditures. As per REF A request, there were no national events in 2009 that adversely affected budget transparency. CBY Sub-governor Ibrahim al-Nahari told EconOff in mid-December 2009 that the Ministry of Finance and CBY is now providing greater detail, including specific budget amounts for new ROYG initiatives and expenses broken down by governorate, in the online version of the national budget following our August 2009 demarche on increasing fiscal transparency (REF B).

[1](#)3. (SBU) It is difficult to assess fully the accuracy of ROYG reports on government revenues and expenditures, due to a lack of independent analytical organizations and the absence of any freedom of information laws. The lack of record-keeping among many Yemeni businesses, coupled with widespread corruption in the oil sector and the Tax and Customs Authorities, makes accurate budget information hard to come by for the government itself. World Bank representatives in Yemen tell us that different ROYG ministries and organizations publish widely varying budget figures and there is no information on how data, especially revenue figures, is derived.

COMMENT

[1](#)4. (SBU) Post believes that Yemen is in compliance with Section 7086(c)(1) of the Department of State Foreign Operations and Related Programs Appropriations Act (SFOAA), but would benefit greatly from capacity-building assistance targeting the Central Statistical Organization (CSO), the Tax Authority, and the Ministry of Finance. Training ROYG accountants, statisticians, and economists in best practices would go a long way in improving survey methods, budget analysis, and transparency. End Comment.
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